Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

UNCLASSIFIED

PAGE 01 STATE 094271

12
ORIGIN L-03

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-14 ISO-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15 AID-20 IGA-02

TRSE-00 OMB-01 MC-02 /176 R

DRAFTED BY L/PM: JHMICHEL/LD
APPROVED BY PM/SAS: MR. LADD
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EA/RA - MR. FINCH
NEA/RA - COL. MUNDY
EUR/RPM - MR. REHFELD
AF/RA - MR. NAVEZ
ARA/LA - COL. WILLIAMS
---------- 070784
R 072227Z MAY 74
FM SECSTATE WASHDC
TO AMEMBASSY ADDIS ABABA
AMEMBASSY PANAMA
AMEMBASSY PHNOM PENH
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTO DOMINGO
AMEMBASSY SEOUL
AMEMBASSY TEGUCIGAPA
AMEMBASSY TUNIS
AMEMBASSY AMMAN
AMEMBASSY ANKARA
AMEMBASSY ASUNCION
AMEMBASSY BANGKOK
AMEMBASSY GUATEMALA
AMEMBASSY JAKARTA
AMEMBASSY LA PAZ
AMEMBASSY LISBON
AMEMBASSY MANAGUA
AMEMBASSY MANILA
AMEMBASSY MONTEVIDEO
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 094271

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

UNCLAS STATE 094271

EO. 11652: N/A
TAGS: MASS, XX
SUBJECT: NEW MAP ELIGIBILITY REQUIREMENT

1. THE FOREIGN ASSISTANCE ACT OF 1973 AMENDS THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED, (FAA), TO ADD A NEW ELIGIBILITY REQUIREMENT FOR FURNISHING DEFENSE ARTICLES ON A GRANT BASIS TO ANY FOREIGN COUNTRY. SINCE THIS PROVISION REQUIRES THE EXECUTION OF AGREEMENTS WITH ALL PROSPECTIVE RECIPIENTS OF MAP DEFENSE ARTICLES, INCLUDING EXCESS DEFENSE ARTICLES, PROGRAMMED FROM AND AFTER JULY 1, 1974, YOU ARE REQUESTED TO ENTER INTO NEGOTIATIONS AS AUTHORIZED HEREIN.

2. BACKGROUND: SECTION 505(F) OF THE FAA NOW PROVIDES: "EFFECTIVE JULY 1, 1974, NO DEFENSE ARTICLE SHALL BE FURNISHED TO ANY COUNTRY ON A GRANT BASIS UNLESS SUCH COUNTRY SHALL HAVE AGREED THAT THE NET PROCEEDS OF SALE RECEIVED BY SUCH COUNTRY IN DISPOSING OF ANY WEAPON, WEAPONS SYSTEM, MUNITION, AIRCRAFT, MILITARY BOAT, MILITARY VESSEL, OR OTHER IMPLEMENT OF WAR RECEIVED UNDER-THIS CHAPTER WILL BE PAID TO THE UNITED STATES GOVERNMENT AND SHALL BE AVAILABLE TO PAY ALL OFFICIAL COSTS OF THE UNITED STATES GOVERNMENT PAYABLE IN THE CURRENCY OF THAT COUNTRY, INCLUDING ALL COSTS RELATING TO THE FINANCING OF INTERNATIONAL EDUCATIONAL AND CULTURAL EXCHANGE ACTIVITIES IN WHICH THAT COUNTRY PARTICIPATES UNDER THE PROGRAMS AUTHORIZED BY THE MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961."
3. THE EFFECT OF THIS PROVISION WILL BE TO CUT OFF ALL DELIVERIES OF GRANT-MAP DEFENSE ARTICLES PROGRAMMED IN FY 75 (NOT SERVICES, SUCH AS TRAINING) TO COUNTRIES WHO HAVE NOT ENTERED INTO THE REQUIRED AGREEMENT. IT PURPOSE IS TO RECOVER FOR THE BENEFIT OF THE USG SUCH DEPRECIATED VALUE AS MAY REMAIN IN MAP ARTICLES THAT HAVE SERVED THEIR PURPOSE, LESS THE ADMINISTRATIVE COSTS OF DISPOSAL. ACCORDINGLY, EACH COUNTRY MUST AGREE TO RETURN TO THE USG THE NET PROCEEDS OF SALE FROM ANY MAP ARTICLE, WHENEVER ACQUIRED. THIS DOES NOT AFFECT SUCH SALES AS MAY
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HAVE ALREADY BEEN MADE. FYI. SALES OF SCRAP ARE NOT TECHNICALLY INCLUDED IN THIS STATUTORY REQUIREMENT. HOWEVER, IN ORDER TO AVOID A DISTINCTION WHICH MIGHT COMPLICATE IMPLEMENTATION OF THE STATUTE WE HAVE NOT EXCLUDED SCRAP SALES FROM THE PURVIEW OF THE ATTACHED DRAFT AGREEMENT. END FYI.

4. IT SHOULD BE NOTED THAT SECTION 505(A)(4) OF THE FAA

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

REQUIRES EACH COUNTRY TO AGREE TO RETURN TO THE USG SUCH ARTICLES AS ARE NO LONGER NEEDED FOR THE PURPOSE FOR WHICH FURNISHED, UNLESS THE USG CONSENTS OTHERWISE. SECTION 505(F) DOES NOT AFFECT THIS REQUIREMENT AND THUS ONLY OPERATES WHEN THE USG HAS CONSENTED TO DISPOSAL BY THE RECIPIENT COUNTRY.

5. ACTION REQUESTED: THE EMBASSY IS AUTHORIZED TO NEGOTIATE AND CONCLUDE AN AGREEMENT BY AN EXCHANGE OF NOTES CONFORMING IN SUBSTANCE TO THE DRAFT NOTE AT PARA 6. SINCE AGREEMENTS MUST BE CONCLUDED WITH TWENTY COUNTRIES, THIS IS A MODEL FOR YOU TO COMPLETE AS REQUIRED BY LOCAL CIRCUMSTANCES. HOWEVER, ANY PROPOSED SUBSTANTIVE CHANGES MUST BE APPROVED BY THE DEPARTMENT. THE EMBASSY MAY, IN ITS DISCRETION, WISH TO LINK THE ENACTMENT OF THIS NEW REQUIREMENT TO THE REPEAL OF SECTION 514 OF THE FOREIGN ASSISTANCE ACT. WHILE NEW SECTION 505(F) CREATES A NEW CONDITION FOR U.S. MILITARY ASSISTANCE, THE CONGRESS HAS AT THE SAME TIME RELIEVED MAP RECIPIENTS OF THE OBLIGATION TO MAKE LOCAL CURRENCY DEPOSITS FOR ALL ASSISTANCE FURNISHED. INSTRUCTIONS REGARDING THE TERMINATION OF SECTION 514 TEN PERCENT DEPOSIT AGREEMENTS HAVE BEEN FORWARDED TO THE EMBASSY BY SEPARATE MESSAGE.

6. THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS OF THE GOVERNMENT OF ... AND HAS THE HONOR TO REFER TO RECENT DISCUSSIONS BETWEEN REPRESENTATIVES OF THE TWO GOVERNMENTS REGARDING A NEW PROVISION OF UNITED STATES LAW WHICH PROHIBITS THE UNITED STATES GOVERNMENT FROM FURNISHING DEFENSE ARTICLES ON A GRANT BASIS TO THE GOVERNMENT OF ..., OR ANY

OTHER GOVERNMENT, UNLESS THE GOVERNMENT OF ... SHALL HAVE
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 094271

AGREED TO PAY TO THE UNITED STATES GOVERNMENT THE NET PROCEEDS OF SALE RECEIVED BY THE GOVERNMENT OF ... IN DISPOSING OF DEFENSE ARTICLES SO FURNISHED.

IN ACCORDANCE WITH THE NEW STATUTORY PROVISION, IT IS PROPOSED THAT THE GOVERNMENT OF ... AGREE THAT THE NET PROCEEDS OF SALE RECEIVED BY THE GOVERNMENT OF ... IN DISPOSING OF ANY WEAPON, WEAPONS SYSTEM, MUNITION, AIRCRAFT, MILITARY BOAT, MILITARY VESSEL, OR OTHER DEFENSE ARTICLE, INCLUDING SCRAP FROM ANY SUCH DEFENSE ARTICLE, RECEIVED HERETOFORE OR HEREAFTER UNDER THE MILITARY ASSISTANCE PROGRAM OF THE UNITED STATES GOVERNMENT WILL BE PAID TO THE UNITED STATES GOVERNMENT AND SHALL BE AVAILABLE TO PAY ALL OFFICIAL COST OF THE UNITED STATES GOVERNMENT PAYABLE IN THE CURRENCY OF THE GOVERNMENT OF ..., INCLUDING ALL

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

COSTS RELATING TO THE FINANCING OF INTERNATIONAL EDUCATIONAL AND CULTURAL EXCHANGE ACTIVITIES IN WHICH THE GOVERNMENT OF ... PARTICIPATES.

IT IS UNDERSTOOD THAT THIS AGREEMENT DOES NOT AFFECT ANY PRIOR AGREEMENT BY THE GOVERNMENT OF ... TO RETURN TO THE UNITED STATES GOVERNMENT ANY DEFENSE ARTICLES FURNISHED BY THE UNITED STATES GOVERNMENT ON A GRANT BASIS WHEN SUCH ARTICLES ARE NO LONGER NEEDED FOR THE PURPOSES FOR WHICH THEY WERE FURNISHED, WITHOUT THE CONSENT OF THE UNITED STATES GOVERNMENT TO ANOTHER DISPOSITION.

IT IS FURTHER PROPOSED THAT THE MINISTRY'S REPLY STATING THAT THE FOREGOING IS ACCEPTABLE TO THE GOVERNMENT OF ... SHALL, TOGETHER WITH THIS NOTE, CONSTITUTE AN AGREEMENT BETWEEN OUR GOVERNMENTS ON THIS SUBJECT, TO BE EFFECTIVE FROM AND AFTER JULY 1, 1974. RUSH

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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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Draft Date: 07 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
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Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
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Film Number: D740111-0398
From: STATE
Handling Restrictions: n/a
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Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

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Subject: NEW MAP ELIGIBILITY REQUIREMENT
TAGS: MASS, XX, US
To: ADDIS ABABA MULTIPLE
Type: TE
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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005